

POSTSECONDARY EDUCATION AND BUDGET SUBCOMMITTEE UPDATE

A Report Prepared for the
Legislative Finance Committee

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WORK PLAN AND STUDY ISSUES FOR THE 2009 BIENNIUM...ADOPTED BY THE PEPB SUBCOMMITTEE

- Complete interim study in HJR 22 – this bill requires that PEPB study and make recommendations on:
 - Initiatives to increase supply of dental care professionals, especially in rural/underserved areas
 - Programs that require students who receive educational support to repay all or a portion of the state funds appropriated for their education
 - A dental loan forgiveness program administered by OCHE (as an incentive to practice in MT)

Recommendation: Appoint a working group and chairman to lead this study and charge that group with submitting recommendations on the above issues to PEPB by the June 12, 2008 meeting. The working group should include representatives from OCHE, Office of Economic Development, Department of Labor & Industry, DPHHS, and a representative from the dental health profession. PEPB appointed a working group, naming Senator Bob Hawks as the Chairman, and charged staff to begin setting up a work group meeting schedule that will culminate in a report to PEPB on June 12, 2008, that may include recommendations for legislation for 2009.

- Review, renegotiate, and reaffirm the "shared policy goals" approved by PEPB, ELG, and the Board of Regents in 2006

Legislative staff will present the background of the shared policy goals and review the document from the last interim to facilitate PEPB consideration of making any changes to this document (e.g. specific benchmarks) based upon the Board of Regents Strategic Plan. Upon completion of this discussion, members can discuss reaffirming an updated two-year document. PEPB approved pursuing an updated set of "shared policy goals" for the 2009 biennium, based upon those approved by PEPB in the 2007 biennium, and charged staff with drafting an additional goal that addresses university system staff and faculty retention, salary, and staffing issues. This will be on the December meeting agenda for subcommittee review.

- Review and consider the accountability measures project from 2006, including:
 - Request reports for the following dates from Commissioner of Higher Education on:
 - The transferability initiative (HB 2 funded \$1.5 million) – September 4, 2008
 - Distance learning (HB 2 funded \$900,000) – September 4, 2008
 - Student assistance programs (HB 2 expanded by \$4.0 million) – June 12, 2008
 - Tuition CAP (freeze resident tuition at FY2007 level) – June 12, 2008

PEPB approved this workplan item and has requested these accountability measures reports from the Commissioner, and PEPB will collaborate with the interim Legislative Finance Committee on this project as that committee is pursuing a performance measurement project across all of state government, including the university system, and is interested in these same four state budget priorities.

- Review the community college funding formula changes (SB 12 from 2007 session) and consider whether this same formula could be used for the university unit campuses state funding calculation

During the 2007 session, at the recommendation of the Legislative Finance Committee and the PEPB based upon an interim study, the legislature adopted a new, transparent funding formula to determine the state general fund appropriation for Montana's three community colleges. The motivation for the study and the changes was to make the funding formula more accurate, more transparent in terms of the factors, and easier to understand for both the legislature and the public.

PEPB Option: Appoint a working group to discuss the viability of adopting this type of funding formula to determine the base funding level of state funding for the eight educational units of the MUS, and/or to consider other options as well. Request that this group report back to PEPB at the March 13, 2008 meeting with a recommendation on whether or not to proceed. Working group members may include representatives from LFD, OBPP, OCHE, and MUS university units, together with a legislator and Regent member. PEPB decided to NOT appoint a working group at this time to address potential funding formula models for the educational units. Any issues related to this will be reviewed during the PEPB consideration of the early budget proposals for the 2011 biennium.

- Review and consider the Bitterroot Valley Community College district proposal and process

On May 8, 2007, voters in the Bitterroot Valley approved, by a 52 percent to 48 percent margin, the creation of a community college district and elected seven members of a local board of trustees. The election results were certified by the Montana Board of Regents on July 11, 2007 so that the new community college trustees, after an organization meeting with the Regents, will begin to hold bi-monthly meetings to move forward establishing a new community college.

According to statute, 20-15-209, MCA, subsequent to the election, “approval for the organization of a new community college district shall be granted at the discretion of the legislature acting upon the recommendation of the regents.” In addition, the state budget includes an appropriation for general fund that is appropriated to the community colleges.

Therefore, decision points that may be anticipated at the 2009 legislative session include a decision by the legislature on the approval for the new community college, as per 20-15-209, MCA, as well as the potential general fund budget appropriation for a Bitterroot Valley Community College.

Recommendation: Given that this will be the first time under the current community college district statute that a new district has been approved by local voters, triggering a recommendation by the Board of Regents, and consideration by the legislature, the PEPB should request a report from staff that details the background, the statutory procedures, and the issues that will need to be considered during the 2009 session. That report could be on the PEPB agenda for December 13, 2007. PEPB charged staff with preparing reports to address both the process issues related to the statutory requirements of the 2009 legislature to make a decision about the Bitterroot Valley Community College proposal that will be put forth by the local board of trustees, and the content issues related to the trustees proposal as a whole...including cost issues, program offerings of a community college, and comparison of other higher education models that could serve the Bitterroot valley. This report will be on the December agenda, and is expected to continue onto several PEPB agendas, with the likely prospect that there will be legislation recommended to address these issues in the 2009 biennium.

- P-20 Policy and Budget Issues Review...for legislative and regent member education purposes primarily

Given the complexities of both the funding and the policy issues related to both K-12 education and higher education, together with legislative term limits that may affect long-term institutional knowledge of these complex issues, PEPB may want to discuss/identify major issues in this broad area and request specific staff reports that address some of these complex issues. The objective of these reports would be to build understanding and knowledge base about education budget and policies issues across the P-20 spectrum (Pre-school to graduate school). Reports could be written only or include presentations and discussion at PEPB meetings, which may be held jointly with the K-12 Education Subcommittee. PEPB is interested in an ongoing discussion about issues that span both higher education and the K-12 education systems and would be very interested in joint meetings with the K-12 Subcommittee to address these topics as they emerge.

- Discuss the strategic role of two-year education within the university system (e.g. Colleges of Technology, community colleges, and two-year degree programs)

Since the reorganization of the university system that occurred in the 1990's, which included moving the vocational education centers into higher education as "colleges of technology" (COT), the role of two-year education as part of higher education and as part of workforce development has changed rather dramatically. In the past decade, PEPB has conducted a number of studies about two-year education, both in the area of policy as well as funding/budget matters.

In the past decade there has been a dramatic increase in student enrollment at two year COT's in Montana (e.g. 51.5 percent at Billings COT, 69.7 percent at GF-COT, 32.5% at Helena COT) while enrollment at the community colleges has remained relatively flat, despite some enrollment spikes in the past decade.

There has also been a changing dynamic in two-year education between the dual missions of workforce training that meets employment needs and the two-year institutions as a starting point for transfer to a four-year institution in pursuit of a four-year degree.

In the past two years legislators have made inquiries about a number of two-year education issues, including these dual missions, transferability of credits from two-year to four-year programs, expanding distance learning as a way to address place-bound and non-traditional students, meeting the workforce shortages in numerous communities in various fields, etc.

In the meantime, within the Montana University System there has also been discussion about the role of two-year education, including how the institutions are able to manage the demands of workforce needs and academics.

In an effort to frame these complex issues for PEPB, legislative staff has prepared a report on the history of two-year education in Montana higher education, including governance and funding issues, in an effort to synthesize the inquiries that staff has received from legislators and place these into the context of discussions going on within the university system and the Board of Regents.

PEPB Option: Discuss and consider the staff report on two-year education at September 25, 2007 meeting and identify whether there are any emerging issues in this area that would warrant additional interim work by the PEPB on two-year education. PEPB had an extended report and discussion from staff and from Commissioner Stearns about the history and strategic issues related to two-year education in Montana. It is expected that the issues identified will be moved forward as part of the interim work related to the Bitterroot Valley Community College (BVCC), in as much as the legislature will have a decision to make about the BVCC in 2009 and the overall strategy of two-year education will likely be part of that decision making process.

- Monitor 2011 biennium budget and consider accountability measures (based upon Regent budget initiatives and executive planning process) and make recommendations to the 2009 legislature

This process would begin at the March 13, 2008 PEPB meeting with updates at the subsequent meetings on June 12 and September 4. PEPB will participate in the 2011 biennium budget process, starting in March, and consider recommendations for accountability measures as part of the state budget process once again, as was done in the 2009 biennium.

Report only Items for PEPB Work plan: ... PEPB agreed to the following report items and the schedule of when these will appear on the PEPB agendas...and legislators were invited to provide staff with name and contact information of any individuals and organizations that staff should contact with these report materials and meeting information so that all these other voices may be heard on these topics.

- Review agriculture agencies overhead cost rates and plans to address these at MSU and in the university system budget process at the PEPB Meeting on December 13, 2007
- Monitor the equipment and program development appropriations that OCHE is to grant out to campuses, community colleges, and research agencies (\$6.5 million), verify the legislative requirement for funding match at the PEPB Meeting on December 13, 2007
- Monitor the Six-mill levy process for November 2008 general election (SB 16 from the 2007 session) at the PEPB Meeting on June 12, 2008
- Monitor the statewide workforce development plan process that is required by federal funding (Perkins grant program) at the PEPB Meeting on September 4, 2008
- Monitor any proposed legislation for 2009 session that relates to higher education and the Montana University System at the PEPB Meeting on September 4, 2008

Report only Items at Request of ELG:

- Report on College Family Saving Program – 529 Investment Plan at the PEPB and ELG Meetings on September 25, 2007
- Request report on faculty release time to meet business community requests for workforce development programs at the PEPB and ELG Meetings on March 13 & 14, 2008